PayPoint Plc
Results for the half year ended 30 September 2024

Positive half year with continued progress towards £100m EBITDA by end of FY26

GROUP FINANCIAL HIGHLIGHTS

- **Underlying EBITDA[1] of £37.5 million** (H1 FY24: £31.1 million) increased by £6.4 million (20.6%)
- **Underlying profit before tax[2] of £26.9 million** (H1 FY24: £21.8 million) increased by £5.1 million (23.4%)
- **Net corporate debt[6] of £86.8 million** increased by £19.3 million from opening position of £67.5 million
- **Interim dividend of 19.4 pence per share**, an increase of 2.1% vs the prior half year of 19.0 pence per share

Half year ended 30 September 2024	H1 FY25	H1 FY24	Change
Revenue	**£135.0m**	£126.5m	6.7%
Net revenue[3]	**£84.6m**	£79.8m	6.0%
Underlying EBITDA[1]	**£37.5m**	£31.1m	20.6%
Underlying profit before tax[2]	**£26.9m**	£21.8m	23.4%
Adjusting items[4]	**£(3.8)m**	£(4.6)m	(17.4)%
Profit before tax	**£23.1m**	£17.2m	34.3%
Diluted underlying earnings per share[5]	**27.4p**	22.1p	24.0%
Diluted earnings per share	**23.5p**	17.4p	35.1%
Net corporate debt[6]	**£(86.8)m**	£(83.2)m	4.3%

Nick Wiles, Chief Executive of PayPoint Plc, said:

"This has been a strong half year for PayPoint where we have delivered a positive financial performance and made further progress towards our medium-term target of delivering £100m underlying EBITDA by the end of FY26. The strategic investments made in Yodel and obconnect strengthen two core areas of our business, enhancing future growth and opportunities in parcels and Open Banking. The resilience of our businesses combined with the growing opportunities to deliver value-add solutions to our clients, continue to underline our confidence in building further momentum in our key growth building blocks. In addition, we are now putting greater focus on harnessing our enhanced platform through better connecting our increased capabilities and achieving greater collaboration across the business as a whole, opening up more revenue opportunities to the benefit of our clients and customers.

Over the half, consumer behaviour has improved from a slow start in April although remains subdued, with broader economic indicators demonstrating the continuing challenging environment for UK consumers. We continue to monitor this closely as we head into the important H2 period for a number of our more seasonal businesses.

Our share buyback programme commenced on 1 July 2024[7], returning at least £20m over the next 12 months, which, combined with our growing dividend, will further enhance shareholder returns. Our core characteristics of strong earnings growth, cash flow generation and capital discipline, along with the continued growth across the Group, give the Board confidence in delivering further progress in the year and meeting expectations."

DIVISIONAL HIGHLIGHTS

Shopping divisional net revenue increased by 2.5% to £32.9 million (H1 FY24: £32.1 million)

- Service fee net revenue increased by 10.3% to £10.7 million, reflecting growth in the number of revenue-generating PayPoint One/Mini sites to 19,855 (31 March 2024: 19,297 sites)
- Card payment net revenue increased by 1.2% to £16.6 million, with further site growth in the EVO estate to 19,819 (31 March 2024: 19,682) and in the Lloyds Cardnet estate to 10,283 (31 March 2024: 10,064)
- Card processed value decreased by -2.8% overall to £3.6 billion (H1 FY24: £3.7 billion), with the EVO estate +2.8% and the Lloyds Cardnet estate -8.7% versus the prior half year
- UK retail network increased to 30,151 sites (31 March 2024: 29,149), with 70.0% in independent retailer partners and 30.0% in multiple retail groups

[1] Underlying EBITDA (EBITDA excluding adjusting items) is an alternative performance measure. Refer to note 1 to the financial information for the definition and the Financial review for a reconciliation to profit before tax.
[2] Underlying profit before tax (profit before tax excluding adjusting items) is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation.
[3] Net revenue is an alternative performance measure. Refer to note 4 to the financial information for a reconciliation to revenue.
[4] Adjusting items comprises exceptional items (£2.1 million for legal costs related to claims against PayPoint and £0.4m accelerated amortisation of intangible assets), £2.7 million increase in fair value of the investments held in obconnect, and amortisation of intangible assets arising on acquisition (£3.0m for Love2shop and £1.0 million for PayPoint's previous acquisitions). Refer to note 1 for a reconciliation.
[5] Diluted underlying earnings per share is an alternative performance measure, Refer to note 1 to the financial information.
[6] Net corporate debt (excluding IFRS 16 liabilities) is an alternative performance measure. Refer to note 1 to the financial statements for a reconciliation to cash and cash equivalents
[7] As of market close on 18 November 2024, a total of 988,998 shares had been purchased at a total value of £6.8m.

E-commerce divisional net revenue increased strongly by 56.9% to £8.0 million (H1 FY24: £5.1 million)

- Strong half year for Collect+ as parcel transactions grew by a further 47.0% to 61.9 million (H1 FY24: 42.1 million)
- Collect+ network increased to 13,421 sites (31 March 2024: 11,786), with further expansion planned to support volume growth and the rollout of Royal Mail
- Print in Store service now available in over 90% of network enabled by the further rollout of Zebra label printers

Payments & Banking divisional net revenue decreased slightly by 0.8% to £24.9 million (H1 FY24: £25.1 million)

- Continued growth through our MultiPay platform, with underlying net revenue increasing by 3.6% to £2.9 million (H1 FY24: £2.8 million)
- Strong growth through Open Banking with net revenue growing to £0.3 million from a low base, ahead of any contribution from obconnect in H2
- Total digital net revenue decreased by 1.6% to £6.3 million (H1 FY24: £6.4 million), with the prior half year including £0.3m of non-recurring Energy Bills Support Scheme revenue
- Cash through to digital net revenue grew by 3.0% to £3.4 million in the year (H1 FY24: £3.3 million), with continued growth in banking with over £216 million of deposits processed for neobanks
- Cash payments net revenue decreased by 1.3% to £15.2 million (H1 FY24: £15.4 million). Legacy energy sector net revenue decreased by 2.8% for the half year, continuing the trend highlighted in our Q1 update on 1 August 2024

Love2shop divisional net revenue increased by 7.4% to £18.8 million (H1 FY24: £17.5 million)

- Love2shop Business experienced a good H1 with £67.0 million of billings delivered (H1 FY24: £64.1 million), driven by the restructured new business team and benefits from corporate API integrations launched into major clients last year, with increased billings and improved customer experience
- Park Christmas Savings billings expected to be broadly flat year on year for the Christmas 2024 season which ends in December 2024. Payment to conversion for new customers was +5% vs prior year with an improvement in the number of 'nil paid' and 'off track' customers, driven by focused saver activity leveraging PayPoint's PayByLink payment solution. The Christmas 2025 season has started positively, with a new Agent App launched to support savers and new digital gift cards added to the extensive product portfolio
- MBL, the leading gift card technology platform acquired by Love2shop in June 2022, processed £40.9 million of gift card value in the half year (H1 FY24: £29.9 million) for its extensive client base, including Greggs, B&M and New Look. Key tender win for Tapi, with contract live in October 2024.
- Sales of Love2shop gift cards in over 2,600 multiple retailers continued to build over the half year, with a run rate established of circa £1m of value per annum

PROGRESS ON SIX BUILDING BLOCKS FOR GROWTH

The Group has delivered further progress in the half year against the six building blocks to £100m EBITDA by the end of FY26:

1. **Parcels and Network Expansion** – Royal Mail now live in over 5,000 sites, with plans to expand to further sites, along with major national marketing campaign launched in October 2024 to drive consumer awareness and volume into the Collect+ network. Our strategic investment in Yodel, alongside other investors, strengthens their position as a key 'last mile carrier' in the UK and supports the accelerating consumer adoption of Out of Home delivery, with the prospect of increased parcel volumes and further Collect+ network growth.

2. **Card processing and Lloyds Bank partnership** – major strategic partnership with Lloyds Cardnet launching in November 2024 into Handepay business, enhancing merchant proposition and opportunities for growth; further estate growth delivered in EVO and Lloyds Cardnet estates; contract mix now 75% on 12 and 18-month contracts, underpinned by strengthened proposition, improved new business margins and reduced time to transact supported by welcome call programme.

3. **Open Banking and Digital payments** – over 40 clients now live for Open Banking services, including BBC and Crown Commercial Service for Confirmation of Payee. Majority ownership of obconnect completed in October 2024, with major contract win for New Zealand Banking Association to provide Confirmation of Payee ecosystem also announced. Further new business wins (over 15 new client services) delivered in H1 FY25 for MultiPay platform, with a strengthened client base in target sectors.

4. **Love2shop and Park Christmas Savings** – expanded partnership with InComm Payments live from 20 October 2024, enabling distribution of Love2shop gift cards into leading UK grocers and High St stores; positive performance on high streetvouchers.com, driven by the changes made in Q4 FY24 to the product mix and optimisation of marketing spend to drive improved margin and profitability; Park Christmas Savings proposition on track to be broadly flat with prior year, with a number of additional opportunities well underway, leveraging our prepaid savings platform.

5. **Access to Cash and Local Banking** – over £216 million of consumer deposits processed for neobanks in the half year through our extensive network; pilot with 1-2 major High St Banks for consumer deposits in development for launch in early 2025, with SME deposits to follow.

6. **Community services for retailer partners** – next generation device, PayPoint Mini, now live in over 1,900 sites; PayPoint Connect EPoS integrations now live with 100 sites; further PayPoint Engage activity delivered for major brands, including an award-winning campaign for SPAR during Euro 2024; DVLA International Driving Permit service launched on 1st April 2024 with volumes building over the half; continued growth in Business Finance, with over £9.3m lent to our SME and retailer partners, partnering with YouLend.

We have also now added a seventh building block, focused on maximising opportunities:

7. **Connecting our capabilities to drive further growth** – following the Group transformation delivered over the past four years, we now have a strong mix of capabilities in place to achieve our medium-term targets. We are now focused on how we connect our enhanced capabilities across the Group to open up further opportunities, providing enterprise solutions to our extensive client base combining multichannel payments solutions, rewards and gifting, loyalty programmes and FMCG relationships, as well as leveraging our leading retailer and SME networks.

RECONCILIATION OF REPORTED NUMBERS

£m	H1 FY25	H1 FY24
Reported profit before tax	**23.1**	17.2
Exceptional items[8]	**2.5**	0.6
Profit before tax excluding exceptional items	**25.6**	**17.8**
Net movement on investments – obconnect and Optus	**(2.7)**	-
Amortisation of intangible assets arising on acquisition – PayPoint (previous acquisitions)	**1.0**	1.0
Amortisation of intangible assets arising on acquisition – Love2shop	**3.0**	3.0
Underlying profit before tax (profit before tax excluding adjusting items)	**26.9**	**21.8**
Underlying EBITDA	**37.5**	**31.1**

BUSINESS DIVISION NET REVENUE AND MIX

Net revenue by business division (£m)	H1 FY25	H1 FY24	H1 FY23
Shopping	**32.9**	32.1	30.8
E-commerce	**8.0**	5.1	3.0
Payments & Banking	**24.9**	25.1	25.7
PayPoint Segment Total	**65.8**	62.3	59.5
Love2shop Segment Total	**18.8**	17.5	-
PayPoint Group Total	**84.6**	79.8	59.5
Business division mix	**H1 FY25**	**H1 FY24**	**H1 FY23**
Shopping	**38.9%**	40.2%	51.8%
E-commerce	**9.5%**	6.4%	5.0%
Payments & Banking	**29.4%**	31.5%	43.2%
Love2shop	**22.2%**	21.9%	-

Enquiries

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A presentation for analysts is being held at 9.30am today (21 November 2024) via webcast. This announcement, along with details for the webcast, is available on the PayPoint plc website: corporate.paypoint.com

[8] Exceptional items comprises £2.1 million for legal costs related to claims against PayPoint and £0.4 million accelerated amortisation of intangible assets

CHIEF EXECUTIVE'S REVIEW

GROUP UPDATE

Positive financial performance with further progress towards delivering £100m EBITDA by the end of FY26

This has been a strong half year for the PayPoint Group. We have delivered a positive financial performance and made further progress towards our medium-term target of delivering £100m EBITDA by the end of FY26. These results reflect the combined resilience of our businesses and growing opportunities to deliver value-add solutions to our clients, underlining our confidence in building increased momentum and delivering further growth across the Group.

As we indicated in our full year results in June 2024 and our Q1 trading update in Aug 2024, it continues to be a challenging environment for UK consumers, with mixed data regarding consumer behaviour and confidence – the Gfk Consumer Confidence Index fell to -20 in September 2024 and MRI Software Footfall data reported a -4.5% decline in the same period, particularly in High St locations. Within our businesses, consumer behaviour has improved from a slow start in April but remains subdued and we continue to monitor this closely as we head into the important H2 period for our parcels, card processing, energy and Love2shop businesses.

Over the half, we have also delivered significant progress in each of our six key building blocks to achieving £100m EBITDA by the end of FY26, through a combination of strengthened partnerships, new service launches and strategic investments to support future growth in key sectors. We have now added a further building block in the first half focused on connecting our capabilities across the Group to drive further growth.

Strategic investments to support future opportunities

1. **Yodel**

As announced in June 2024, PayPoint has made a strategic investment in the Yodel business alongside other strategic partners, including InPost. Our investment is in support of the Yodel management team plan to further automate and modernise the Yodel business, including initiatives to further strengthen the partnership between the two businesses and to enable the acceleration of consumer Out of Home delivery and materially increase parcel volumes through this channel. Progress since our investment has been encouraging with parcel volumes growing over the period, additional partnerships in development with key Chinese marketplaces and early steps to deliver the modernisation plan underway. This partnership will also enhance the longer-term growth prospects of Collect+ and underpin the further expansion of the Collect+ network as our parcel volumes continue to grow from the 100 million parcel transactions achieved in FY24 towards our medium-term target of 250 million transactions per annum.

2. **obconnect**

On 1 August 2024, we announced an agreement to take a majority position in obconnect, a technology platform with the capabilities to provide complete market ecosystems across Open Banking, Finance, Data, Energy, Confirmation of Payee and Enhanced Fraud Data. The investment comprises the £3.0 million original convertible loan note, which will now be converted into ordinary shares along with a new investment of £10.5 million in cash which, combined, will give PayPoint a 55.3% interest in obconnect.

The UK Open Banking market grew 90% YOY to 130m payments in 2023, with the key milestone of 10 million active consumer and business users achieved in July 2024. The three main components of our Open Banking solutions are:

- Confirmation of Payee (CoP) – enabling clients to avoid making accidental, misdirected or potentially fraudulent payments, and always settling funds to the correct account
- Open Banking driven bank-to-bank payments - accurate, quick and financially inclusive payments direct from a customer's bank account to the client
- Account Information Service (AIS) - support tool that uses real-time data to help organisations make better-informed financial decisions for customers with their consent.

The transaction successfully completed in October 2024 following regulatory approval and is immediately earnings enhancing. At a time when the number of applications for Open Banking is growing rapidly, this technology has been an important addition for PayPoint and its clients. This partnership has delivered on our expectations and the Group has already made strong early progress, with over 40 clients contracted for Open Banking services. Over the same period, obconnect as a standalone business has made significant progress, securing contracts with a number of banks and building societies, including most recently the New Zealand Banking Authority, providing the Confirmation of Payee ecosystem to major banks in New Zealand from November 2024, including ANZ, ASB, Bank of China, BNZ, CCB, The Co-operative Bank, Heartland Bank, ICBC, Kiwibank, Rabobank, SBS Bank, TSB, and Westpac.

Open Banking is important to the future of the PayPoint business and this investment will enable the Group to strengthen its position further in this fast-growing sector.

Connecting our capabilities across the Group – our seventh building block for growth

Over the past four years, we have significantly transformed the Group and its capabilities to diversify our offering and deliver further growth. Through a combination of M&A (Handepay, Love2shop, RSM 2000) and strategic investments (obconnect, Aperidata, Yodel), we now have a strong mix of capabilities in place to achieve our medium-term targets, with positive contributions from those businesses to date. We are now focusing on how we connect our enhanced capabilities across the Group to open up further opportunities, providing enterprise solutions to our extensive client base combining multichannel payments solutions, rewards and gifting, loyalty programmes and FMCG relationships, as well as leveraging our leading retailer and SME networks.

REVIEW BY DIVISION

SHOPPING DIVISION

In Retail Services, we have further enhanced our retailer propositions: a new Retailer Rewards scheme was launched in September 2024, giving retailers additional commission for scanning goods in store; our next generation device, PayPoint Mini, continues to rollout across our estate with over 1,700 now live, along with our integrated third-party EPoS solution, PayPoint Connect, which is now live in 100 sites with the Retail Data Partnership and iPosG. Our FMCG consumer engagement proposition, PayPoint Engage, continues to gain good traction delivering campaigns for major consumer brands, leveraging our PayPoint One platform, advertising screens and vouchering capability. Over 13 campaigns have been delivered in the half year, including an award-winning campaign for Spar during Euro 2024.

In Cards, we have focused in the half year on delivering a successful transition to Lloyds Bank Cardnet as our main acquiring partner across the Group, with the partnership launching in November 2024 into our Handepay business. The partnership will immediately enhance our merchant proposition, delivering earlier in the day settlement by 7am, faster onboarding, with a 12-month fee-free Lloyds Bank business account and connected commercial card offering coming soon. Additionally, we have launched our Merchant Mobile App, enabling merchants to access transaction data and insights about their business, with an initial rollout to new merchants followed by a phased rollout to existing merchants across our estate. In the half year, we have also improved participation in our Handepay Rewards Scheme, with over 3,000 merchants registered, and continued to drive further enhancements to our core proposition, with strengthened pricing governance delivering improved margins and time to transact drastically reduced from 14.7 days to 6.2 days, driven by our welcome call programme and an improved customer onboarding process. In Q3 FY25, we expect to deliver the transition of sales from our current EVO platform and proposition across to the new Lloyds Bank Cardnet partnership.

In our building Community Cash Access and Banking network, ATM performance has continued to be disappointing. We have a recovery plan already underway to improve this position with early signs of progress, including the launch of an improved support and maintenance model with Notemachine to drive ATM uptime and service, individual site performance optimisation visits and further network expansion opportunities in progress with new partners. Our Counter Cash service, offering withdrawals and balance enquiries over the counter, is now live in 3,138 locations, and we have processed over £216 million of consumer deposits for our neobank clients in the year. We are now in active planning with 1-2 major High St Banks regarding how we support their customers with cash access for consumer and SME deposits and withdrawals across our extensive network, with an initial test phase planned for early 2025.

We remain committed to helping more of our retailer partners to take advantage of our enhanced proposition and new opportunities to earn in their businesses. As part of that commitment, we are actively reviewing our approach to retailer engagement to ensure that we are maximising adoption of new products and services, including enhanced terminal messaging, training and support, a high intensity multi-channel marketing programme that also leverages new channels like WhatsApp, and targeted Field team visits to drive awareness and education. This revised approach will continue to be supported by our existing programme of activities and service enhancements, including the continued digitisation of our service platforms and rollout of our chatbot, a refreshed approach to the 'early life' support provided to our retailer partners to drive adoption of new services, and continued engagement with the key retail trade associations.

E-COMMERCE DIVISION

In E-commerce, there continues to be strong momentum for Collect+, with net revenue +56.9% at £8.0 million and parcel transactions growing to 61.9 million. Our partnership with Royal Mail is now active, with over 5,000 sites rolled out across the UK, with plans to grow to further sites, along with a major national advertising campaign now live to drive consumer awareness and volumes. Our existing Yodel/Vinted partnership has continued to deliver strong volumes through our Store-to-Store service, with growing adoption by consumers and our carrier partners. We have also expanded our Zebra printer technology to over 90% of our network, underlining our continuing commitment to invest in improving the consumer experience in store and driving further adoption of Out of Home (OOH) with our carrier partners.

We have successfully grown the Collect+ network to 13,421 sites in new locations and demographics, including increasing our presence with major multiple retailers like One Stop and Spar NI owned by Henderson Group, rolling out further sites for the Royal Mail expansion, and growing our student presence working with 19 of the top universities and student unions across the UK (Strathclyde, Aberdeen, Sunderland and Open University added in the half year). Our intention is to grow this network further towards 20,000 locations over the next few years.

We have continued to explore new channels to build increased momentum and drive further volume into our network, with the primary focus to establish Collect+ as the first-choice partner for Pick Up Drop Off (PUDO) with Chinese and South Asian marketplaces, including launching an international returns proposition in Q3 FY25. This underlines the growing consumer appeal of our leading Out of Home network and the strength of our partnerships forged in this sector with key partners like Yodel.

PAYMENTS & BANKING DIVISION

In Payments & Banking, our integrated digital payments platform, MultiPay, continues to establish itself as a comprehensive payment solution for clients across card processing, Open Banking, direct debit and cash, with net revenue growth of 3.6% year on year. We have secured further wins in the Housing sector, with Sovereign and Thirteen, and in the Charity sector with several Citizen's Advice regional offices, Alzheimer's Society, and Bannvale and Boom Credit Unions. We have processed over £216 million of neobank consumer deposits through our retailer partner network in the half year. We were also pleased to have launched the DVLA contract for International Driving Permits, which went live on 1 April 2024, marking another key central government service that will be fulfilled via our extensive retailer network. Overall digital net revenue decreased by 1.6% to £6.3 million (H1 FY24: £6.4 million), with the prior half year including £0.3m of non-recurring Energy Bills Support Scheme revenue.

Our Open Banking services continue to go from strength to strength, supported by our partners, obconnect and Aperidata, with over 40 clients now live for our services, including the Crown Commercial Service. In the half year, the BBC also went live for Confirmation of Payee. The strategic investments we have made in obconnect and Aperidata are already building further momentum in this space, particularly with the recent announcement of the contract win for obconnect to deliver the Confirmation of Payee ecosystem for the New Zealand Banking Association, including major banks like ANZ, Kiwibank and Westpac. This reinforces the importance of Open Banking to the future of the PayPoint business in this fast-growing sector. As we indicated at the announcement of the investment in obconnect on 1 August 2024, we expect to recognise a modest financial contribution in H2 FY25, with a more meaningful contribution in FY26 and thereafter.

In addition, our work in this sector is already gaining industry recognition, with 2 recent nominations at the Open Banking Expo Awards for Open Banking for Good, with our work with Citizens Advice and AIS, and for Best Customer Experience, recognising our OpenPay service in delivering Alternative Fuel Payments support for energy companies.

In Cash, legacy energy bill payments net revenue decreased by 2.8% for the half year, with the rate of decline year on year moderating versus the sharp fall of -19.2% seen in H1 FY24. In spite of this moderation, we remain mindful of the broader economic challenges being faced by UK consumers, as evidenced by recent market data, and continue to monitor this closely as we head into the important H2 period. In addition, the energy price cap, updated by Ofgem on a quarterly basis, was set for pre-pay customers at £1,643 for April to June 2024 and at £1,522 for July to September 2024. However, the price cap increased to £1,669 for pre-pay customers for October to December 2024.

LOVE2SHOP DIVISION

Park Christmas Savings billings are expected to be broadly flat year on year for the Christmas 2024 season, against the backdrop of tighter consumer spending and fluctuating consumer confidence over the year. The steps taken to improve payment to conversion for new customers by 5% vs prior year and an improvement in the number of 'nil paid' and 'off track' customers have contributed to this result, driven by focused saver activity leveraging PayPoint's PayByLink payment solution. In addition, customer retention has remained strong again this year, with over 91% of value retained for the season from the previous year. The 2025 savings season has started positively, with a new Agent App launched to support savers and new digital gift cards added to the extensive product portfolio. This again reinforces the enduring appeal and vital role this service plays in helping consumers budget for big occasions and avoid debt, with a Trustpilot rating of 4.6/5 and over £2 million of value delivered to savers each year. We continue to review new channels in which to develop our highly successful agent model to support further growth of our prepaid savings platform.

In Love2shop Business, we experienced a good H1 with £67.0 million of billings delivered (H1 FY24: £64.1 million), supported by a restructured new business team in place and growing benefits from corporate API integrations launched into major clients last year, with increased billings and improved customer experience. In addition, preparations for the key peak period in H2 are well advanced and more comprehensive than previous years. Highstreetvouchers.com continues to perform ahead of expectations, driven by the positive changes made in Q4 FY24 to the product mix and focus of the site to drive improved margin and profitability. New redemption partners onboarded in the half year, included Dobbies Garden Centres, Foyles Bookstores, Blackwells, Frankie & Bennys, Las Iguanas and Wilko. Our expanded distribution partnership with InComm Payments went live on 20 October 2024, seeing a significant expansion of physical Love2shop gift cards into major grocers and High St retailers and sales momentum continues to build with Love2shop gift cards in over 2,600 multiple retailers in the PayPoint network, establishing an annual run rate of circa £1m of value processed.

In addition, we continue to make good progress in MBL, the leading gift card technology platform that was acquired by Love2shop in 2022. In the half year, £40.9 million of gift card value was processed (H1 FY24: £29.9 million) for its extensive client base, including Greggs, B&M and New Look. It was also pleasing to win a key tender for Tapi Carpets, with the contract live in October 2024, and we continue to expand the range of products that we offer to our corporate clients and grow gift card management services with more retailers.

UPDATE ON CLAIMS AGAINST PAYPOINT

In FY24, a number of companies in the PayPoint Group, including PayPoint Plc, received two claims relating to issues addressed by commitments accepted by Ofgem in November 2021 as a resolution of Ofgem's concerns raised in its Statement of Objections received by the PayPoint Group in September 2020. The Ofgem resolution did not include any infringement findings.

The first claim was served by Utilita Energy Limited and Utilita Services Limited (subsequently renamed Luxion Sales Limited) ("Utilita") on 16 June 2023. The second claim was served by Global-365 plc and Global Prepaid Solution Limited ("Global 365") on 18 July 2023. A first Case Management Conference (CMC) was held on 31 October 2023 at the Competition Appeal Tribunal relating to these claims. The focus of the first CMC was to agree disclosure and a timetable for proceedings. A second CMC was held at the Competition Appeal Tribunal on 26 April 2024 to agree further disclosure and the appointment of expert witnesses for all parties. Both claims have been listed for a joint trial at the Competition Appeal Tribunal starting on 10 June 2025.

The Group's position remains unchanged: it is confident that it will successfully defend the claim by Utilita, which does not provide any clear evidence to support the cause of action or the amount claimed, and also that it will successfully defend the claim by Global 365, which fundamentally misunderstands the energy market and the relationships between the relevant Group companies and the major energy providers, whilst also over-estimating the opportunity available, if any, for the products offered by Global 365. Consequently, no accounting provision has been made for these claims.

The Group will continue to update the market on a regular basis as part of its financial reporting cycle.

OUTLOOK AND DIVIDEND

The continued progress and momentum established across the Group, particularly with our six key building blocks, underpin our confidence in delivering £100 million EBITDA by the end of FY26. We have now added a seventh building block focused on connecting our capabilities across the Group to drive further growth.

Whilst there remain challenges in the broader UK economy around consumer confidence and spending, we are well-positioned to deliver further revenue growth and support our customers and clients as we head into the important H2 period for the Group.

Our confidence in the prospects for the business is underpinned by the actions we are taking in each of our divisions to accelerate performance and identify new opportunities. In addition, our commitment to a three-year share buyback programme, which commenced on 1 July 2024 with at least £20 million returned over the next twelve months, will enhance shareholder returns and is reflective of our long-term confidence in the business and our underlying cash flow. The Board has declared an interim dividend of 19.4p per share, an increase of 2.1% vs the prior year interim dividend of 19.0p per share, consistent with our dividend policy and target cover range of 1.5 to 2.0 times earnings excluding exceptional items.

We remain confident in delivering further progress in the current year, meeting expectations and achieving our medium-term financial goals.

Nick Wiles
Chief Executive
20 November 2024

FINANCIAL REVIEW

£m	**Six months to 30 September 2024**	Six months to 30 September 2023	Change %
PayPoint segment	**85.6**	81.2	5.4%
Love2shop segment	**49.4**	45.3	9.1%
Total revenue	**135.0**	126.5	6.7%
PayPoint segment	**65.8**	62.3	5.6%
Love2shop segment	**18.8**	17.5	7.4%
Total net revenue[9]	**84.6**	79.8	6.0%
PayPoint segment	**(41.2)**	(38.7)	6.5%
Love2shop segment	**(16.5)**	(19.3)	(14.5)%
Total costs (excluding adjusting items)	**(57.7)**	(58.0)	(0.5)%
PayPoint segment	**24.6**	23.6	4.2%
Love2shop segment	**2.3**	(1.8)	n/m
Underlying profit before tax[10]	**26.9**	21.8	23.4%
Adjusting items:			
Amortisation of intangible assets arising on acquisition	**(4.0)**	(4.0)	-
Net movement in convertible loan notes and other investments	**2.7**	-	-
Exceptional items	**(2.5)**	(0.6)	n/m
Profit before tax	**23.1**	17.2	34.3%
Underlying EBITDA[11]	**37.5**	31.1	20.6%
Net corporate debt[12]	**(86.8)**	(83.2)	4.3%

Total revenue increased by £8.5 million (6.7%) to £135.0 million (September 2023: £126.5 million). Net revenue increased by £4.8 million (6.0%) to £84.6 million (September 2023: £79.8 million).

Total costs excluding adjusting items reduced by £0.3 million to £57.7 million (September 2023: £58.0 million). The decrease in costs was driven by lower marketing costs and people costs, partially offset by higher transactional and terminal leasing costs. Adjusting items comprises amortisation of intangible assets arising on acquisition, net movement on investments and exceptional costs. Exceptional costs of £2.5 million, which are one-off, non-recurring and do not reflect current operational performance comprises legal fees incurred as a result of the Group's defence of claims served against it and accelerated amortisation on certain modules of Love2shop ERP systems following the commencement to re-platform key systems. The prior year comprises the same legal fees to defend against the claims served against the Group.

The underlying profit before tax increased by £5.1 million (23.4%) to £26.9 million (September 2023: £21.8 million). This increase includes £2.3 million profit on the Love2shop segment with the previous performance for the Love2shop segment being a loss of £1.8m.

Profit before tax of £23.1 million (September 2023: £17.2 million) increased by £5.9 million (34.3%). The increase reflects current year adjusting items totalling a cost of £3.8 million which includes £2.7 million increase in value in the obconnect convertible loan note.

[9] Net revenue is an alternative performance measure. Refer to note 4 to the financial information for a reconciliation to revenue.
[10] Underlying profit before tax is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation
[11] Underlying EBITDA is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation.
[12] Net corporate debt (excluding IFRS 16 liabilities) is an alternative performance measure. Refer to note 1 to the financial information for a reconciliation to cash and cash equivalents.

EBITDA / Underlying EBITDA (£m)	Six months to 30 September 2024	Six months to 30 September 2023
Profit before tax add back:	**23.1**	17.2
Net interest expense	**3.2**	3.6
Depreciation & Amortisation - including amortisation of intangible assets arising on acquisition	**11.4**	9.7
EBITDA (£m)	**37.7**	30.5
Exceptional items and net movement in convertible loan notes and other investments	**(0.2)**	0.6
Underlying EBITDA (£m)	**37.5**	31.1

Underlying EBITDA increased by £6.4 million to £37.5 million (September 2023: £31.1 million), which is made up of £5.5 million for the Love2shop segment and £32.0 million for the PayPoint segment.

Cash generation increased to £30.7 million (September 2023: £15.6 million), delivered from underlying profit before tax of £26.9 million (September 2023: £21.8 million). There was a net working capital outflow of £1.8 million, of this £6.0 million related to an inventory build in L2s as the segment builds up inventory levels for peak, this is expected to unwind by March. There was also £1.8 million outflow for the utilisation of the restructuring provision created in March 2024. These items are partially offset by £3.0 million working capital inflow following improved cash collection from key accounts in September and £3.0 million net improvements across working capital.

Net corporate debt increased by £3.6 million to £86.8 million at September 2024 (September 2023: £83.2 million). The movement from March 2024 of £19.3 million is mainly as a result of £15.0 million invested in Yodel and the launch of the share buyback program. At 30 September 2024 loans and borrowings were £107.2 million (September 2023: £101.8 million).

PAYPOINT SEGMENT

£m	Six months to 30 September 2024	Six months to 30 September 2023	Change %
Revenue	**85.6**	81.2	5.4%
Shopping	**32.9**	32.1	2.5%
E-commerce	**8.0**	5.1	56.9%
Payments & Banking	**24.9**	25.1	(0.8)%
Net revenue	**65.8**	62.3	5.6%
Other costs of revenue	**9.5**	8.1	17.3%
Depreciation and amortisation (costs of revenue)	**5.7**	4.3	32.6%
Depreciation and amortisation (administrative expenses) excluding amortisation of intangible assets arising on acquisition	**0.2**	0.2	-
Other administrative costs – excluding exceptional items	**24.4**	24.7	(1.2)%
Net finance costs – excluding exceptional costs	**1.4**	1.4	-
Total costs	**41.2**	38.7	6.5%
Underlying profit before tax (excluding adjusting items)	**24.6**	23.6	4.2%

Shopping net revenue increased by £0.8 million (2.5%) to £32.9 million (September 2023: £32.1 million). Service fees net revenue increased by £1.0 million (10.3%) driven by additional PayPoint One sites and implementing the annual RPI increase. Cards net revenue increased by £0.2 million (1.2%) as rental revenue increased partially offset by a reduction in acquiring revenue. ATM and Counter Cash net revenue decreased by £0.5 million (11.1%) due to a reduction in transactions driven by the continuing trend of reduced demand for cash across the economy.

E-commerce net revenue increased by £2.9 million (56.9%) to £8.0 million (September 2023: £5.1 million), driven by strong growth in total transactions which increased by 47.0%. This was due to our strength in clothing/fashion categories, the investment in the in-store experience with Zebra label printers over the past 18 months and the continued expansion from new services and carrier partners.

Payments & Banking net revenue decreased by £0.2 million (0.8%) to £24.9 million (September 2023: £25.1 million). Cash bill payments and top ups revenue decreased by £0.5 million (3.8%) to £12.6 million (September 2023: £13.1 million) driven by a 17.9% reduction in transactions following the reduced usage of cash and the continued switch to digital payments. Digital net revenue decreased by £0.1 million (1.6%) to £6.3 million (September 2023: £6.4 million) as a result of the EBSS scheme which benefited the previous year by £0.3 million. This was partially offset by an increase in interest income received on client balances resulting from the increase in interest rates.

The cost of commission to retailers increased by £1.0 million (5.3%) to £20.0 million (September 2023: £19.0 million). This increase in payment to our retailer partners reflects an increase in the number of transactions processed as well as transactions that yield higher commission rates per transaction

Total costs (excluding adjusting items) increased by £2.5 million (6.5%) to £41.2 million, primarily as a result of further investment in our field sales team to support growth in sales and increase in transactional costs to support a higher rentals revenue.

BUSINESS DIVISIONS REVIEW

SHOPPING

Shopping consists of services PayPoint provides to retailer partners, which form part of PayPoint's network, and SME partners. Services include providing the PayPoint One platform (which has a basic till application), EPoS, card payments, terminal leasing, ATMs, Counter Cash and FMCG vouchering.

Net revenue (£m)	**Six months to 30 September 2024**	Six months to 30 September 2023	Change %
Service fees	**10.7**	9.7	10.3%
Card payments	**16.6**	16.4	1.2%
ATMs and Counter Cash	**4.0**	4.5	(11.1)%
Other shopping	**1.6**	1.5	6.7%
Total net revenue (£m)	**32.9**	32.1	2.5%

Net revenue increased by £0.8 million (2.5%) to £32.9 million (September 2023: £32.1 million) primarily due to the growth in service fees. The net revenue of each of our key products is separately addressed below.

Service fees from terminals	**Six months to 30 September 2024**	Six months to 30 September 2023	Change %
Net Revenue (£m)	**10.7**	9.7	10.3%
PayPoint terminal sites (No.)			
PayPoint One Terminals	**17,872**	18,786	(4.9)%
PayPoint Mini	**1,983**	-	-
Total PayPoint One / Mini	**19,855**	18,786	5.7%
Legacy (T2)	**12**	19	(36.8)%
PPoS	**9,447**	9,174	3.0%
PayPoint One – non-revenue generating	**837**	667	25.5%
Total terminal sites in PayPoint network	**30,151**	28,646	5.3%

As at 30 September 2024, PayPoint had a live terminal in 30,151 UK sites, an increase of 5.3% primarily as a result of new PayPoint Mini sales.

Service fees: This is a core growth area and consists of service fees from PayPoint One, PayPoint Mini and our legacy terminals. Service fee net revenue increased by £1.0 million (10.3%) to £10.7 million driven by the additional revenue generating sites compared to the prior period.

Card payments and leases	Six months to 30 September 2024	Re-presented[13] Six months to 30 September 2023	Change %
Net Revenue (£m)			
Card payments - Acquiring	**11.2**	11.8	(5.1)%
Card payments - Rentals	**5.2**	4.2	23.8%
Card payments – Lending and Other	**0.2**	0.4	(50.0)%
Services in Live sites (No.)			
Card payments – Handepay - EVO	**19,819**	19,371	2.3%
Card payments – Handepay – Worldpay	**2,262**	3,244	(30.3)%
Card payments – PayPoint	**10,283**	9,772	5.2%
Card terminals – Merchant Rentals	**50,217**	49,139	2.2%
Transaction value (£'m)			
Card payments – Handepay	**2,383**	2,371	0.5%
Card payments – PayPoint	**1,202**	1,316	(8.7)%

Card Payments: Card payments net revenue overall increased by 1.2% to £16.6 million (H1 FY24: £16.4 million). Card payments acquiring services generated £11.2 million net revenue in the six-month period, a reduction of £0.6 million from the previous year (September 2023: £11.8 million). Transaction values overall have reduced by 2.8% to £3,585m (September 2023 £3,687 million), with the EVO estate up 2.8% and Lloyds Cardnet estate down 8.7%. The number of live sites increased from the previous year with EVO up 2.3% and PayPoint increasing 5.2%, offset by the continued reduction in the closed Worldpay back book.

Card payment terminal rentals have increased by £1.0 million (September 2023: £4.2 million) mainly as a result of a change in the sales mix of operating leases compared to finance leases. Operating leases also have associated costs included in the profit and loss account.

ATMs and Counter Cash	Six months to 30 September 2024	Six months to 30 September 2023	Change %
Net Revenue (£m)	**4.0**	4.5	(11.1)%
Services in Live sites (No.)	**6,488**	9,639	(32.7)%
Transactions (Millions)	**12.7**	14.7	(13.6)%

Net revenue reduced by £0.5m (11.1%) to £4.0 million (September 2023: £4.5 million) as transactions reduced by 13.6% to 12.7 million. This is attributable to the continued reduced demand for cash across the economy. ATM and Counter Cash live sites decreased 32.7% to 6,488 following a review to remove non transacting sites.

Other: Other shopping services increased by £0.1 million (6.7%) to £1.6 million (September 2023: £1.5 million) this includes the FMCG voucher campaigns which have increase 25.0% to £0.5 million (September 2023: £0.4 million).

E-COMMERCE

Parcels	Six months to 30 September 2024	Six months to 30 September 2023	Change %
Net Revenue (£m)	**8.0**	5.1	56.9%
Services in Live sites (No.)	**13,421**	11,263	19.2%
Transactions (Millions)	**61.9**	42.1	47.0%

E-commerce net revenue increased by £2.9 million (56.9%) to £8.0 million (September 2023: £5.1 million) due to the continued increase in total parcels transactions by 47.0% to 61.9 million. This was driven by our strength in clothing/fashion categories and the investment in the in-store experience with Zebra label printers over the past 24 months. There has been continued expansion from new services, Yodel store to store and Amazon returns, and new carrier partnerships with Royal Mail and InPost. Parcel sites increased by 19.2% to 13,421 sites.

[13] Card payment and leases analysis has been re-presented to better aggregate revenue streams and key KPI's in line with March 2024 representation.

PAYMENTS & BANKING

	Six months to 30 September 2024	Re-presented[14] Six months to 30 September 2023	Change %
Net revenue (£m)			
Cash – bill payments & top ups	**12.6**	13.1	(3.8)%
Digital	**6.3**	6.4	(1.6)%
Cash through to digital	**3.4**	3.3	3.0%
Other payments and banking	**2.6**	2.3	13.0%
Total net revenue (£m)	**24.9**	25.1	(0.8)%

Payments & Banking divisional net revenue decreased by £0.2 million (0.8%) to £24.9 million (September 2023: £25.1 million) mainly as a result of fewer cash bill payments and top up transactions and the impact of the Energy Bills Support Scheme impacting the previous year by £0.3m. This has been partially offset by continued growth in underlying digital transactions and higher interest received on customer balances.

Cash – bill payments & top ups	**Six months to 30 September 2024**	Re-presented[14] Six months to 30 September 2023	Change %
Net revenue (£m)	12.6	13.1	(3.8)%
Transactions (millions)	56.2	68.6	(18.1)%
Transaction value (£m)	1,664.0	1,943.3	(14.4)%
Average transaction value (£)	29.6	28.3	4.6%
Net revenue per transaction (pence)	22.4	19.1	17.3%

Cash - bill payments & top ups net revenue decreased by £0.5 million (3.8%) to £12.6 million (September 2023: 13.1 million). The year on year decrease in energy transactions was 22.2%

Digital	**Six months to 30 September 2024**	Six months to 30 September 2023	Change %
Net revenue (£m)	**6.3**	6.4	(1.6)%
Transactions (millions)	**20.1**	23.5	(14.5)%
Transaction value (£m)	**426.9**	534.1	(20.1)%
Average transaction value (£)	**21.2**	22.7	(6.6)%
Net revenue per transaction (pence)	**31.3**	27.2	15.1%

Digital (MultiPay, Cash Out, COP and Direct Debits) net revenue decreased by £0.1 million (1.6%) to £6.3 million (September 2023: £6.4 million) and digital transactions decreased by 3.4 million (14.5%) to 20.1 million. MultiPay net revenue increased by £0.1 million to £2.9 million (September 2023: £2.8 million). The DWP Payment Exception Service contributed £1.8 million net revenue in the period (September 2023: £2.0 million) following the expected decrease in customers. Cashout revenue decreased by £0.3 million (20.0%) to £1.2 million (September 2023: £1.5 million) with prior year including the one-off benefit of £0.3 million from the Energy Bills Support Scheme.

[14] Payments & Banking analysis has been re-presented to better aggregate revenue streams and key KPIs

Cash through to digital	Six months to 30 September 2024	Six months to 30 September 2023	Change %
Net revenue (£m)	**3.4**	3.3	3.0%
Transactions (millions)	**3.8**	4.1	(7.3)%
Transaction value (£m)	**259.8**	265.0	(2.0)%
Average transaction value (£)	**68.6**	64.6	6.2%
Net revenue per transaction (pence)	**90.3**	80.5	12.2%

Cash through to digital (eMoney) net revenue increased by £0.1 million (3.0%) to £3.4 million (September 2023: £3.3 million) and transactions decreased by 0.3 million (7.3%) to 3.8 million (September 2023: 4.1 million). eMoney transactions derive a substantially higher fee per transaction than traditional top-up transactions as they are more complex to process.

Other Payments & Banking net revenue includes SIM sales, interest generated by investing cash received on client funds and other ad-hoc items which contributed £2.6 million (September 2023: £2.3 million) net revenue.

LOVE2SHOP SEGMENT

£m	Six months to 30 September 2024	Six months to 30 September 2023	Change %
Billings	**102.0**	105.1	(2.9)%
Love2shop billings	**76.9**	75.2	2.3%
Prepaid Christmas Savings billings	**25.1**	29.9	(16.1)%
Total billings	**102.0**	105.1	(2.9%)
Revenue	**49.4**	45.3	9.1%
Net revenue	**18.8**	17.5	7.4%
Other costs of revenue	**(4.3)**	(5.7)	(24.6)%
Depreciation and amortisation (administrative expenses) excluding amortisation of intangible assets arising on acquisition	**(1.4)**	(1.2)	16.7%
Other administrative costs	**(9.0)**	(10.2)	(11.8)%
Net finance costs	**(1.8)**	(2.2)	(18.2)%
Total costs	**(16.5)**	(19.3)	(14.5)%
Underlying profit/(loss) before tax (excluding adjusting items)	**2.3**	(1.8)	n/m

Love2shop (L2s) segment has generated £102.0 million of total billings in the period a decrease of £3.1 million (September 2023: £105.1) principally driven by the timing of dispatches to Christmas savers and not reflective of Park's order book for the full year. In Love2shop, there has been an increase in billings of £1.7 million to £76.9 million (September 2023: £75.2 million) this follows improved performance across our corporate area, a key client win, strong levels of retained business and a focus on more profitable B2B clients online.

The business is seasonal in nature, and profit is primarily generated in H2 of the financial year, which represents the peak trading period for L2s corporate business and of the dispatch of Prepaid Christmas Savings products around Christmas.

PROFIT BEFORE TAX AND TAXATION

The income tax charge of £5.8 million (September 2023: £4.4 million) on profit before tax of £23.1 million (September 2023: £17.2 million) represents an effective tax rate of 25.1% (September 2023: 25.5%).

GROUP STATEMENT OF FINANCIAL POSITION

Net assets of £104.2 million (September 2023: £110.8 million) decreased by £6.6 million reflecting the £20.0 million share buyback program and dividends partially offset by profit for the period. Current assets increased by £13.7 million to £349.4 million (September 2023: £335.7 million) following an increase in non-corporate cash and cash equivalents. Non-current assets of £238.3 million (September 2023: £224.2 million) increased by £14.1 million due to new investments in Yodel and Aperidata made in the period along with an increase in fair value for obconnect.

Current liabilities increased by £22.1 million to £357.9 million (September 2023: £335.8 million) reflecting the remaining liability on the share buyback program of £15.1 million. Non-current liabilities of £125.6 million (September 2023: £113.4 million) increased by £12.2 million following an increase in loans and borrowings as a result of the investments made in the period.

At 30 September 2024 net corporate debt was £86.8 million (September 2023: £83.2 million) and has increased by £19.3 million from the year end position. This is as a result of positive cash generation offset by working capital requirements in the first six months along with the purchase of convertible loan notes, tax, capex and dividend requirements. Total loans and borrowings of £107.2 million (September 2023: £101.8 million), which have increased by £13.3 million from 31 March 2024, consisted of a £45.0 million non-amortising term loan, £63.0 million drawdown of the £90.0 million revolving credit facility, £0.4 million accrued interest less £1.2m arrangement fees (September 2023: £59.5 million drawdown from the revolving credit facility, £41.4 million amortising term loan and £0.9 million of asset financing balances and accrued interest).

GROUP CASH FLOW AND LIQUIDITY

The following table summarises the cash flow movements during the period.

	Six months to 30 September 2024	**Six months to 30 September 2023**	Change %
Profit before tax	**23.1**	17.2	34.3%
Non-cash adjusting items	**(2.3)**	0.6	n/m
Depreciation and amortisation	**11.4**	9.7	17.5%
Share-based payments and other items	**0.3**	0.7	(57.1)%
Working capital changes (corporate)	**(1.8)**	(12.6)	(85.7)%
Cash generation	**30.7**	15.6	96.8%
Taxation payments	**(6.1)**	(5.1)	19.6%
Capital expenditure	**(8.9)**	(7.1)	25.4%
Purchase of convertible loan notes and other investments	**(16.2)**	-	-
Payment of leases	**(0.5)**	(0.7)	28.6%
Share buyback	**(4.4)**	-	-
Dividends paid	**(13.9)**	(13.5)	3.0%
Net (increase)/decrease in net debt	**(19.3)**	(10.8)	78.7%
Net corporate debt at the beginning of the period	**(67.5)**	(72.4)	(6.8)%
Net corporate debt at the end of the period	**(86.8)**	(83.2)	4.3%

Cash generation increased to £30.7 million (September 2023: £15.6 million) delivered from profit before tax of £23.1 million (September 2023: £17.2 million). In the period to September 2024 £16.2 million was invested in the purchase of convertible loan notes and other investments in Yodel and Aperidata (September 2023: £nil). There was a net working capital outflow of £1.8 million, of this £6.0 million related to an inventory build in L2s as the segment builds up inventory levels for peak, this is expected to unwind by March. There was also £1.8 million outflow for the utilisation of the restructuring provision created in March 2024. These items are partially offset by £3.0 million working capital inflow following improved cash collection from key accounts in September and £3.0 million net improvements across working capital.

Taxation payments on account of £6.1 million (September 2023: £5.1 million) are higher compared to the prior period as taxable profits for the year are expected to increase. Dividend payments were higher compared to the prior period due to the increase in the final ordinary dividend paid per share for the prior year ended 31 March 2023.

Capital expenditure of £8.9 million (September 2023: £7.1 million) is £1.8 million higher than the prior year. Capital expenditure primarily consists of payment terminals including Zebra printers, IT hardware and other software development. The increase in capital expenditure is primarily the result of software development investment to modernise heritage systems.

DIVIDENDS

In the six months to 30 September 2024, total dividend payments of £13.9 million or 19.2 pence per share (September 2023: £13.5 million or 18.6 pence per share) were made, representing the final ordinary dividend for the year ended 31 March 2024. This is a 3.2% increase in the final dividend since last year.

We have declared an increased interim dividend of 19.4 pence per share (September 2023: 19.0 pence) payable in equal instalments of 9.7 pence per share on 20 December 2024 and 28 March 2025 (to shareholders on the register on 29 November 2024 and 28 February 2025 respectively). This is an increase of 1.0% compared to the final dividend declared of 19.2 pence per share, and an increase of 2.1% compared to the same period last year (September 2023: 19.0 pence).

The interim dividends will result in £13.9 million (September 2023: £13.8 million) being paid to shareholders from the standalone statement of financial position of the Company which, as at 30 September 2024, had approximately £67.9 million (September 2023: £36.0 million) of distributable reserves.

CAPITAL ALLOCATION

The Board's immediate priority is to continue to preserve PayPoint's balance sheet strength. The Group maintains a capital structure appropriate for current and prospective trading over the medium term that allows a healthy mix of returns to shareholders and cash for investments. The Group's capital allocation priorities have been updated as follows:

- Investment in the business through small investments and capital expenditure in innovation to drive future revenue streams and improve the resilience and efficiency of our operations
- Nominal ordinary dividends targeting a growth of our earnings cover ratio from the current 1.5 to 2.0 times range to over 2.0 times by FY27[15]
- A 3-year share buyback programme, returning at least £20 million over the initial 12 months, with the potential to increase in years 2 and 3 depending on business performance, market conditions, cash generation and the overall capital needs of the business.
- Targeting an appropriate leverage ratio of around 1.0 times net debt/EBITDA

GOING CONCERN

The interim financial statements have been prepared on a going concern basis having regard to the identified principal risks and uncertainties. Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group including dividends.

Rob Harding
Chief Financial Officer
20 November 2024

[15] Dividend cover represents profit after tax divided by reported dividends.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	**6 months ended 30 September 2024 £000**	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Revenue	3	**121,726**	113,988	277,816
Other revenue	3	**13,283**	12,513	28,551
Total revenue		**135,009**	126,501	306,367
Cost of revenue		**(69,962)**	(64,554)	(158,964)
Gross profit		**65,047**	61,947	147,403
Administrative expenses – excluding adjusting items		**(34,881)**	(36,566)	(78,722)
Operating profit before adjusting items		**30,166**	25,381	68,681
Adjusting items:				
Exceptional items - administrative expenses	5	**(2,474)**	(558)	(4,120)
Amortisation of intangible assets arising on acquisition – administrative expenses		**(4,038)**	(4,038)	(8,076)
Net movement on investment fair values		**2,693**	-	(186)
Operating profit		**26,347**	20,785	56,299
Finance income		**772**	463	1,390
Finance costs		**(4,012)**	(4,066)	(8,408)
Exceptional item – finance costs	5	**-**	-	(1,099)
Profit before tax		**23,107**	17,182	48,182
Tax	6	**(5,802)**	(4,376)	(12,495)
Profit for the period		**17,305**	12,806	35,687

Earnings per share (pence)			
Basic	**23.8**	17.6	49.1
Diluted	**23.5**	17.4	48.8

Underlying earnings per share – before adjusting items (pence)			
Basic	**27.8**	22.4	63.0
Diluted	**27.4**	22.1	62.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Items that will not be reclassified to the consolidated statement of profit or loss:			
Remeasurement of defined benefit pension scheme	**23**	**(845)**	(328)
Deferred tax on defined benefit pension scheme	**(6)**	**211**	82
Items that may subsequently be reclassified to the consolidated statement of profit or loss:			
Movement on cashflow hedge reserve	**(579)**	**-**	-
Foreign exchange	**-**	**7**	-
Other comprehensive loss for the period	**(562)**	**(627)**	(246)
Profit for the period	**17,305**	**12,806**	35,687
Total comprehensive income for the period attributable to equity holders of the parent	**16,743**	**12,179**	35,441

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2024 £000	Re-presented[1] 30 September 2023 £000	31 March 2024 £000
Non-current assets				
Goodwill		**117,427**	117,427	117,427
Other intangible assets		**63,573**	71,157	67,052
Investments	8	**22,833**	4,001	3,940
Property, plant and equipment		**33,854**	30,729	33,292
Net investment in finance lease receivables		**243**	915	512
Retirement benefit asset		**392**	-	286
Total non-current assets		**238,322**	224,229	222,509
Current assets				
Inventories		**9,870**	8,417	3,260
Trade and other receivables		**106,165**	97,887	122,950
Current tax asset		**4,497**	7,691	5,423
Cash and cash equivalents – corporate		**20,427**	20,325	26,392
Cash and cash equivalents – non-corporate		**131,384**	118,410	60,378
Restricted funds held on deposit		**77,020**	83,000	78,198
Total current assets		**349,363**	335,730	296,601
Total assets		**587,685**	559,959	519,110
Current liabilities				
Trade and other payables		**168,904**	124,035	144,804
Payables in respect of clients' funds and retail partners' deposits		**13,171**	16,345	23,231
Payables in respect of gift card vouchers and prepay savers		**174,809**	186,842	113,829
Lease liabilities		**576**	728	879
Provisions		**31**	-	1,850
Loans and borrowings		**364**	6,085	16,435
Bank overdraft		**-**	1,757	-
Total current liabilities		**357,855**	335,792	301,028
Non-current liabilities				
Trade and other payables		**-**	106	-
Lease liabilities		**3,851**	4,522	3,956
Loans and borrowings		**106,852**	95,665	77,500
Derivative liability		**579**	-	-
Retirement benefit liability		**-**	355	-
Deferred tax liability		**14,324**	12,763	15,466
Total non-current liabilities		**125,606**	113,411	96,922
Total liabilities		**483,461**	449,203	397,950
Net assets		**104,224**	110,756	121,160
Equity				
Share capital	9	**241**	242	242
Share premium	9	**1,000**	1,000	1,000
Merger reserve	9	**18,243**	18,243	18,243
Share-based payment reserve		**2,655**	2,042	2,992
Capital redemption reserve	9	**2**	-	-
Retained earnings		**82,083**	89,229	98,683
Total equity attributable to equity holders of the parent		**104,224**	110,756	121,160

[1]See note 1 for an explanation of the re-presentation.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity at 1 April 2023	**242**	**1,000**	**18,243**	**2,286**	**-**	**89,943**	**111,714**
Profit for the period	-	-	-	-	-	12,806	12,806
Total other comprehensive expense	-	-	-	-	-	(627)	(627)
Comprehensive income for the period	-	-	-	-	-	12,179	12,179
Equity-settled share-based payment expense	-	-	-	690	-	-	690
Vesting of share scheme	-	-	-	(934)	-	623	(311)
Dividends	-	-	-	-	-	(13,516)	(13,516)
Closing equity at 30 September 2023	**242**	**1,000**	**18,243**	**2,042**	**-**	**89,229**	**110,756**
Profit for the year	-	-	-	-	-	22,881	22,881
Total other comprehensive income	-	-	-	-	-	381	381
Comprehensive income for the year	-	-	-	-	-	23,262	23,262
Equity-settled share-based payment expense	-	-	-	979	-	(339)	640
Vesting of share scheme	-	-	-	(29)	-	340	311
Dividends	-	-	-	-	-	(13,809)	(13,809)
Closing equity at 31 March 2024	242	1,000	18,243	2,992	-	98,683	121,160
Profit for the period	**-**	**-**	**-**	**-**	**-**	**17,305**	**17,305**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(562)**	**(562)**
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**16,743**	**16,743**
Issue of shares	**1**	**-**	**-**	**-**	**-**	**-**	**1**
Purchase of own shares	**(2)**	**-**	**-**	**-**	**2**	**(20,011)**	**(20,011)**
Equity-settled share-based payment expense	**-**	**-**	**-**	**988**	**-**		**988**
Vesting of share scheme	**-**	**-**	**-**	**(1,325)**	**-**	**593**	**(732)**
Dividends	**-**	**-**	**-**	**-**	**-**	**(13,925)**	**(13,925)**
Closing equity at 30 September 2024	**241**	**1,000**	**18,243**	**2,655**	**2**	**82,083**	**104,224**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 September 2024 £000	Re-presented[1] 6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Net cash generated by operations	10	**36,396**	20,040	65,706
Corporation tax paid		**(6,054)**	(5,095)	(8,354)
Interest received		**858**	46	534
Interest paid		**(4,084)**	(3,527)	(7,609)
Movement in restricted funds held on deposit (non-corporate)		**1,179**	(1,000)	3,802
Movement in payables – non-corporate		**66,103**	62,505	(91)
Net cash inflow from operating activities		**94,398**	72,969	**53,988**
Investing activities				
Purchases of property, plant and equipment		**(4,733)**	(4,827)	(11,100)
Purchases of intangible assets		**(4,126)**	(2,233)	(5,106)
Purchase of investments		**(16,200)**	-	(125)
Net cash used in investing activities		**(25,059)**	(7,060)	(16,331)
Financing activities				
Dividends paid		**(13,925)**	(13,516)	(27,325)
Proceeds from issue of share capital		**1**	-	-
Purchase of own shares		**(4,415)**	-	-
Payment of lease liabilities		**(459)**	(677)	(1,008)
Repayment of loans and borrowings		**(27,500)**	(7,664)	(44,980)
Proceeds from loans and borrowings		**42,000**	15,000	44,500
Net cash used in financing activities		**(4,298)**	(6,857)	(28,813)
Net increase in cash and cash equivalents		**65,041**	59,052	8,844
Cash and cash equivalents at beginning of year		**86,770**	77,926	77,926
Cash and cash equivalents at period end		**151,811**	136,978	86,770
Reconciliation of cash and cash equivalents				
Corporate cash		**20,427**	20,325	26,392
Non-corporate cash		**131,384**	118,410	60,378
Bank overdraft		**-**	(1,757)	-
Cash and cash equivalents on the condensed consolidated statement of financial position		**151,811**	136,978	86,770

[1]See note 1 for an explanation of the re-presentation.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies Reporting entity

PayPoint plc ('PayPoint' or the 'Company') is a public limited company, incorporated and registered in the UK under the Companies Act 2006. Its registered office is at Unit 1, The Boulevard, Welwyn Garden City, Hertfordshire, AL7 1EL. Its shares are listed on the London Stock Exchange.

These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 September 2024 are made up of the Company and its subsidiaries (together referred to as the 'Group'). They were approved for issue on 20 November 2024.

These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2024 were approved by the board of directors on 12 June 2024 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements under section 498 of the Companies Act 2006.

The financial statements have been reviewed, not audited.

Basis of preparation

The interim financial statements for the half-year reporting period ended 30 September 2024 have been prepared in accordance with the UK-adopted International Accounting Standard 34 *Interim Financial Reporting* and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

Adoption of standards and policies

In accordance with IFRS9, the Group elected to apply hedge accounting to each of its £22.5 million interest rate swap derivatives, which commenced in July 2024 and August 2024 respectively. Each derivative matures in June 2027, with the Group swapping the floating interest rate payable on its £45 million term loan for separate, fixed rates on each £22.5 million hedging instrument.

The accounting policies applied by the Group in the interim financial statements for the period ended 30 September 2024 are otherwise consistent with those set out in the Group's Annual Report for the year ended 31 March 2024.

Re-presentation of comparative figures

<u>Consolidated statement of financial position</u>

In its interim financial statements for the half-year reporting period ended 30 September 2023, the Group classified its revolving credit facility as a current liability. The Group reclassified the liability to non-current as at 31 March 2024, having adopted early the International Accounting Standard Board's *Non-current Liabilities with Covenants*, which amended IAS 1 *Presentation of Financial Statements*. The Group also re-presented its 31 March 2023 revolving credit facility liability as non-current in its financial statements for the year-ended 31 March 2024.

<u>Consolidated statement of cash flows and Note to consolidated statement of cash flows</u>

In its interim financial statements for the half-year reporting period ended 30 September 2023, the Group did not show separately Movement in restricted funds held on deposit (non-corporate) and in Movement in payables – non-corporate. Their inclusion in the interim financial statements for the half-year reporting period ended 30 September 2024 improves the year-on-year comparability of Cash generated from operations by excluding movements in Cash and cash equivalents – non-corporate and in Restricted funds held on deposit (non-corporate). The Group also re-presented the 31 March 2023 comparative figures in the consolidated statement of cash flows in its financial statements for the year-ended 31 March 2024, for the same reason.

Going concern

The interim financial statements have been prepared on a going concern basis. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt-to-equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent comprising capital, reserves and retained earnings.

The Group's policy is to borrow centrally to meet anticipated funding requirements. Our cash and borrowing capacity provide sufficient funds to meet the foreseeable needs of the Group. At 30 September 2024, the Group had cash and cash equivalents of £151.8 million, consisting of £20.4 million corporate cash and £131.4 million non-corporate cash. The Group's borrowing facilities consist of:

- a £45.0 million non-amortising term loan expiring in June 2028.
- a £90.0 million unsecured revolving credit facility expiring in June 2028.
- a £30.0 million accordion facility (uncommitted) expiring in June 2028 with an option, subject to lender approval, to extend by a further year.

At 30 September 2024, £63.0 million was drawn down from the revolving credit facility (30 September 2023: £59.5 million drawn down from the previous £75.0 million revolving credit facility, which had an additional £30 million uncommitted accordion facility).

The Group net assets of £104.2 million as at 30 September 2024 are £6.6 million lower than the £110.8 million as at 30 September 2023. The Group made a profit for the period of £17.3 million (30 September 2023: £12.8 million) and delivered cash from operations of £36.4 million for the period (30 September 2023 re-presented: £20.0 million). Net debt increased from £67.5 million to £86.8 million in the period, the £19.3m increase comprising a net, pre-dividend outflow of £5.4 million and dividend payments of £13.9 million. In the prior period, net debt increased by £10.8 million, comprising a net, pre-dividend inflow of £2.7 million and dividend payments of £13.5m. The Group has net current liabilities of £8.5 million at 30 September 2024 (30 September 2023 re-presented: £0.1 million). The net current liability position does not affect the

Group's ability to continue as a going concern.

The Directors have prepared cash flow forecast scenarios for a period of 12 months from the date of this announcement, which take into account the Group's current financial and trading position, the principal risks and uncertainties and the strategic plans that are reviewed at least annually by the Board. Under the 'base case' scenario, which uses the latest reforecast for the remaining months of the year-ended 31 March 2024 and the current 3-year plan for the period April 2025 to November 2025, the cash flow forecasts show considerable liquidity headroom, with covenant tests met throughout the period.

In addition to the 'base case' scenarios, the Directors have also prepared a 'downside' scenario which includes the following assumptions:

Shopping

- 10% decline in ATM and counter cash transactions
- 10% decline in card acquiring revenue
- Loss of 500 retailers through churn
- 1,000 decline in terminal rentals

E-commerce

- 10% decline in transactions with the Group's largest existing customer
- New growth of only 50% of the 'base case' growth level

Payments and banking

- 10% decline in transactions

Love2shop

- 10% decline in billings across all channels

Even with the above assumptions, the forecasts indicated that there was sufficient headroom and liquidity for the Group to continue with its existing borrowing facilities.

Based on these assessments, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of not less than 12 months from the date of approval of these interim financial statements and therefore have prepared the interim financial statements on a going concern basis.

Alternative performance measures

Non-IFRS measures or alternative performance measures are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes which have remained consistent with the alternative performance measures disclosed in the Annual Report for the year ended 31 March 2024. These measures are included in these interim financial statements to provide additional useful information on performance and trends to shareholders.

These measures are not defined terms under IFRS and therefore they may not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for IFRS measures.

Underlying performance measures (non-IFRS measures)

Underlying performance measures allow shareholders to understand the operational performance in the year, to facilitate comparison with prior years and to assess trends in financial performance. They usually exclude the impact of one-off, non- recurring and exceptional items and the amortisation of intangible assets arising on acquisition, such as brands and customer relationships.

Love2Shop billings (non-IFRS measures relating solely to the Love2Shop segment)

Billings represents the value of goods and services shipped and invoiced to customers during the year and is recorded net of VAT, rebates and discounts. Billings is an alternative performance measure, which the directors believe provides an additional measure of the level of activity other than total revenue. This is due to billings being recognised at a different time to revenue from multi-retailer redemption products being reported on a 'net' basis, whilst revenue from single-retailer redemption products and other goods are reported on a 'gross' basis.

Net revenue (non-IFRS measure)

Net revenue is total revenue less commissions paid (to retailer partners and Park Christmas agents) and the cost of revenue for items where the Group acts in the capacity as principal (including single-retailer vouchers and SIM cards). This reflects the benefit attributable to the Group's performance, eliminating pass-through costs to create comparability of performance under both the agent and principal revenue models. It is a key consistent measure of the overall success of the Group's strategy. A reconciliation from revenue to net revenue is included in note 4.

Adjusting items (non-IFRS measure)

Adjusting items consist of exceptional items, amortisation of intangible assets arising on acquisition and movements on convertible loan notes. These items are presented as adjusting items in the consolidated statement of profit or loss, as they do not reflect the operational performance of the Group.

	30 September 2024 £000	30 September 2023 £000	31 March 2024 £000
Exceptional item – legal fees	**2,040**	558	2,143
Exceptional item – accelerated amortisation costs	**434**	-	-
Exceptional item – restructuring costs	**-**	-	1,977
Sub-total: exceptional items – administrative expenses	**2,474**	558	4,120
Exceptional item – finance costs	**-**	-	1,099
Amortisation of intangible assets arising on acquisition	**4,038**	4,038	8,076
Movement on investment fair values	**(2,693)**	-	186
Total adjusting items	**3,819**	4,596	13,481

See note 5 for explanations of the above exceptional items.

Total costs (non-IFRS measure)
Total costs comprise other costs of revenue, administrative expenses, financing income and finance costs. Total costs exclude adjusting items, being exceptional costs, amortisation of intangible assets arising on acquisition and net movement on convertible loan notes.

Earnings before interest, tax, depreciation and amortisation (EBITDA) (non-IFRS measure)
The Group presents EBITDA, as it is widely used by investors, analysts and other interested parties to evaluate profitability of companies. This measures earnings from continuing operations before interest, tax, depreciation and amortisation.

Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA) (non-IFRS measure)
The Group also presents underlying EBITDA, which comprises EBITDA, as defined above, excluding exceptional items and net movement on investment fair values.

Underlying earnings per share (non-IFRS measure)
Underlying earnings per share is calculated by dividing the net profit from continuing operations before adjusting items attributable to equity holders of the parent by the basic or diluted weighted average number of ordinary shares in issue.

Underlying profit before tax (non-IFRS measure)
The calculation of underlying profit before tax is as follows:

	30 September 2024 £000	30 September 2023 £000	31 March 2024 £000
Profit before tax	**23,107**	17,182	48,182
Total adjusting items	**3,819**	4,596	13,481
Underlying profit before tax	**26,926**	21,778	61,663

Underlying profit after tax (non-IFRS measure)
The calculation of underlying profit after tax is as follows:

	30 September 2024 £000	30 September 2023 £000	31 March 2024 £000
Profit after tax	**17,305**	12,806	35,687
Total adjusting items	**3,819**	4,596	13,481
Tax on adjusting items	**(955)**	(1,149)	(3,370)
Underlying profit after tax	**20,169**	16,253	45,798

Net corporate debt (non-IFRS measure)
Net corporate debt represents corporate cash and cash equivalents less bank overdraft and amounts borrowed under financing facilities (excluding IFRS 16 liabilities). The reconciliation of cash and cash equivalents to net corporate debt is as follows:

	30 September 2024 £000	30 September 2023 £000	31 March 2024 £000
Cash and cash equivalents - corporate cash	**20,427**	20,325	26,392
Less:			
Bank overdraft	**-**	(1,757)	-
Loans and borrowings	**(107,216)**	(101,750)	(93,935)
Net corporate debt	**(86,789)**	(83,182)	(67,543)

Use of judgements and estimates
In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement: recognition of cash and cash equivalents and restricted funds held on deposit

The nature of payments and banking services means that PayPoint collects and holds funds on behalf of clients as those funds pass through the settlement process and retains retailer partners' deposits as security for those collections. Following the Appreciate acquisition, it also holds card and voucher deposits on behalf of agents, cardholders and redeemers, some of which is held in trust.

A critical judgement in this area is whether each of the above categories of funds, and restricted funds held on deposit, are recognised on the Consolidated statement of financial position, and whether they are included in cash and cash equivalents for the purpose of the Statement of consolidated cash flows. This includes evaluating:

(a) the existence of a binding agreement, such as a legal trust, clearly identifying the beneficiary of the funds;
(b) the identification of funds, ability to allocate and separability of funds;
(c) the identification of the holder of those funds at any point in time; and
(d) whether the Group bears the credit risk

Where there is a binding agreement specifying that PayPoint holds funds on behalf of the client (i.e. acting in the capacity of a trustee) and those funds have been separately identified as belonging to that beneficiary, the cash (referred to as 'Clients' own funds') and the related liability are not included on the Consolidated statement of financial position.

In all other cases, the Group has access to the interest on such monies and can, having met certain conditions, withdraw the funds. The cash and corresponding liability are therefore recognised on the Consolidated statement of financial position. Corporate cash and cash equivalents consists of cash freely available to the Group for use in its daily operations and is presented as a separate line item on the Consolidated statement of financial position from non-corporate cash and cash equivalents, which is not freely available to the Group, either because of self-regulation and segregation or due to contractual or regulatory requirements. Non-corporate cash and cash equivalents comprises:

- Clients' cash – cash collected on behalf of clients from retailer partners but not yet transferred to clients. Clients' cash is held in PayPoint's bank accounts
- Gift card voucher cash – cash collected on the issue of gift card vouchers which have not yet expired or been redeemed
- Prepay savers' cash - cash received from customers under a prepayment scheme accumulating towards their selected savings target. It is converted to gift card vouchers once the target is reached
- Retailer partners' deposits – cash received from retailers held as security against their default

Both corporate cash and non-corporate cash are included within cash and cash equivalents on the Consolidated statement of cash flows.

Restricted funds held on deposit (non-corporate), comprises gift card voucher cash and prepay savers' cash. However, unlike the gift card voucher cash and prepay savers' cash included in non-corporate cash and cash equivalents, restricted funds held on deposit (non-corporate) may only be accessed after a minimum of three months. Consequently, they are excluded from cash and cash equivalents on the Consolidated statement of financial position and the Consolidated statement of cash flows.

The amounts recognised on the Statement of financial position as at 30 September 2024 are as follows:

Cash and cash equivalents	**30 September 2024 £000**	30 September 2023 £000	31 March 2024 £000
Corporate cash	**20,427**	20,325	26,392
Bank overdraft	**-**	(1,757)	-
Clients' cash	**9,846**	15,814	17,276
Gift card voucher cash	**14,910**	41,096	9,779
Prepay savers' cash	**101,286**	60,956	27,368
Retailer partners' deposits	**5,342**	544	5,955
Sub-total: non-corporate cash	**131,384**	118,410	60,378
Total cash and cash equivalents	**151,811**	136,978	86,770

Restricted funds held on deposit (non-corporate)	**30 September 2024 £000**	30 September 2023 £000	31 March 2024 £000
Prepay savers' cash	**22,000**	48,000	23,179
Gift card voucher cash	**55,020**	35,000	55,019
Total	**77,020**	83,000	78,198

Clients' own funds

Clients' cash held in trust off the Consolidated statement of financial position as at 30 September 2024 is £49.4 million (30 September 2023: £49.2 million).

2. Segmental reporting

The Group considers its Love2shop business to be a separate segment from its legacy PayPoint business, since discrete financial information is prepared for Love2shop and it offers different products and services. Furthermore, the chief operating decision maker (CODM) reviews separate monthly internal management reports (including financial information) for both Love2shop and PayPoint to allocate resources and assess performance.

The material products and services offered by each segment are as follows:

PayPoint

- Card payment services to retailers, including leased payment devices
- ATM cash machines
- Bill payment services and cash top-ups to individual consumers, through a network of retailers
- Parcel delivery and collection
- Retailer service fees
- Digital payments

Love2shop

- Shopping vouchers, cards and e-codes which customers may redeem with participating retailers. These are either 'single-retailer' or 'multi-retailer'. The former may only be used at the specified retailer, whilst the latter may be redeemed at one or more of over 200 retailers.
- Christmas savings club, to which customers make regular payments throughout the year to help spread the cost of Christmas, before converting to a voucher.

Information related to each reportable segment is set out below. Segment profit / (loss) before tax and adjusting items is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

The Group operates exclusively in the UK.

6 months ended 30 September 2024 and as at 30 September 2024	PayPoint £000	Love2shop £000	Total £000
Revenue	**84,803**	**36,923**	**121,726**
Other revenue	**844**	**12,439**	**13,283**
Segment revenue	**85,647**	**49,362**	**135,009**
Segment profit before tax and adjusting items	**24,688**	**2,238**	**26,926**
Exceptional items	**(2,040)**	**(434)**	**(2,474)**
Amortisation of intangible assets arising on acquisition	**(1,068)**	**(2,970)**	**(4,038)**
Net movement in investment fair values	**2,693**	**-**	**2,693**
Segment profit / (loss) before tax	**24,273**	**(1,166)**	**23,107**
Interest income	**154**	**618**	**772**
Interest expense	**1,561**	**2,451**	**4,012**
Depreciation and amortisation	**6,993**	**4,399**	**11,392**
Capital expenditure	**7,056**	**1,803**	**8,859**
Segment assets	**263,639**	**324,046**	**587,685**
Segment liabilities	**178,926**	**304,535**	**483,461**
Segment equity	**84,713**	**19,511**	**104,224**

6 months ended 30 September 2023 and as at 30 September 2023	PayPoint £000	Love2shop £000	Total £000
Revenue	80,232	33,576	113,988
Other revenue	1,010	11,503	12,513
Segment revenue	81,242	45,259	126,501
Segment profit before tax and adjusting items	23,564	(1,786)	21,778
Exceptional items	(558)	-	(558)
Amortisation of intangible assets arising on acquisition	(1,069)	(2,969)	(4,038)
Segment profit before tax	21,937	(4,755)	17,182
Interest income	46	417	463
Interest expense	1,439	2,617	4,066
Depreciation and amortisation	5,519	4,204	9,723
Capital expenditure	6,240	820	7,060
Segment assets	241,231	318,728	559,959
Segment liabilities	138,570	310,633	449,203
Segment equity	102,661	8,095	110,756

3. Revenue

Disaggregation of revenue

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Shopping			
Card payments	**11,386**	12,360	23,998
Card terminal leases	**5,211**	4,026	8,708
Service fees	**10,710**	9,695	19,653
ATMs	**5,343**	6,093	11,805
Other shopping	**1,978**	1,895	4,071
Shopping total	**34,628**	34,069	68,235
e-commerce total	**19,097**	14,141	31,754
Payments and banking			
Cash – bill payments	12,510	13,381	31,264
Cash – top-ups	5,248	5,811	11,434
Digital	7,379	8,442	16,197
Cash through to digital	3,796	3,776	7,658
Other payments and banking	2,145	612	1,175
Payments and banking total	**31,078**	32,022	67,728
Love2Shop – card and voucher service fee	**36,923**	33,756	110,099
Total	**121,726**	113,988	277,816

Management fees, set-up fees and up-front lump sum payments of £0.7 million (September 2023: £0.5 million) are recognised on a straight-line basis over the period of the contract. Service fee revenue is recognised on a straight-line basis over the period of the contract. Card terminal leasing revenue is recognised over the expected lease term using the sum of digits method for finance leases and on a straight-line basis for operating leases. Multi-retailer voucher, card and e-code service fee revenue is recognised on redemption by the customer. The remainder of revenue is recognised at the point in time when each transaction is processed. The usual timing of payment by PayPoint customers is on fourteen-day terms. The usual timing of Love2shop's corporate customers is fifteen-day terms; its consumer customers pay on ordering.

Revenue subject to variable consideration of £8.0 million (September 2023: £6.7 million) exists where the consideration to which the Group is entitled varies according to transaction volumes processed and rate per transaction. Management estimates the total transaction price using the expected value method at contract inception, which is reassessed at the end of each reporting period, by applying a blended rate per transaction to estimated transaction volumes. Any required adjustment is made against the transaction prices in the period to which it relates. The revenue is recognised at the constrained amount to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future, with the estimates based on projected transaction volumes and historical experience. The potential range in outcomes for revenue subject to variable consideration resulting from changes in these estimates is not material.

Love2shop revenue is recorded net of corporate discounts.

Seasonality of operations

Following the Group's acquisition of Love2shop on 28 February 2023, its performance is now considered "highly seasonal" under IAS 34 *Interim Financial Reporting*. The Love2shop business is heavily weighted towards the second half of the financial year, in particular the peak September to December pre-Christmas period when revenues from card, voucher and e-code redemptions are at their highest.

The PayPoint business is far less seasonal, although its e-commerce division also generates its highest revenues in the pre-Christmas months. Bill payment transactions, which were historically higher during the winter months (H2), continue to be impacted by the shift in consumer behaviour towards making fewer, larger payments and structural changes in this market. Card payments typically generate higher value processed and revenue in the summer months (H1). Card terminal leasing revenue is relatively unaffected by seasonality.

Other revenue

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
PayPoint			
Interest revenue	**844**	1,010	2,013
Love2shop			
Interest revenue	**3,980**	3,374	6,453
Non-redemption revenue	**8,459**	8,129	20,085
Love2shop total	**12,439**	11,503	26,538
Total	**13,283**	12,513	28,551

Other revenue comprises:

- Multi-retailer voucher and card non-redemption revenue is recognised on expiry (where the customer has no right of refund) or on expiry and lapse of the refund period (where the customer has a right of refund).
- Interest revenue generated by investing clients' funds, retailer partners' deposits, gift card cash, prepay savers' cash and restricted funds held on deposit.

4. Alternative performance measures Net revenue

The reconciliation between total revenue and net revenue is as follows:

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Service revenue – Shopping	**34,628**	34,069	68,235
Service revenue – e-commerce	**19,028**	13,609	24,946
Service revenue – Payments and banking	**30,670**	31,425	66,579
Service revenue – multi-retailer redemption products	**491**	2,938	18,145
Service revenue – other	**3,847**	2,040	4,281
Sale of goods – single-retailer redemption products	**32,585**	28,776	87,554
Sale of goods – other	**408**	599	1,268
Royalties – e-commerce	**69**	532	6,808
Other revenue – multi-retailer non-redemption income	**8,459**	8,129	20,085
Other revenue – interest on clients' funds, retailer partners' deposits, gift card cash, prepay savers' cash and restricted funds held on deposit	**4,824**	4,384	8,466
Total revenue	**135,009**	126,501	306,367
less:			
Retailer partners' commissions	**(19,971)**	(18,960)	(41,829)
Cost of single-retailer cards and vouchers	**(30,431)**	(27,657)	(83,403)
Cost of SIM cards and e-money sales as principal	**(51)**	(83)	(163)
Net revenue	**84,556**	79,801	180,972

Total costs
Total costs, excluding adjusting items, comprises:

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Other costs of revenue	**19,510**	17,854	33,569
Administrative expenses – excluding adjusting items	**34,881**	36,566	78,722
Finance income	**(772)**	(463)	(1,390)
Finance costs	**4,012**	4,066	8,408
Total costs	**57,631**	58,023	119,309

5. Exceptional items

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Legal fees - administrative expenses	**2,040**	558	2,143
Accelerated amortisation – administrative expenses	**434**	**-**	-
Restructuring costs – administrative expenses	**-**	**-**	1,977
Total exceptional items included in operating profit	**2,474**	558	4,120
Refinancing costs expensed – finance costs	**-**	-	1,099
Total exceptional items included in profit or loss	**2,474**	558	5,219

The tax impact of the exceptional items is £0.62 million (September 2023: £0.14 million)

Exceptional items are those which are considered significant by virtue of their nature, size or incidence. These items are presented as exceptional within their relevant income statement categories to assist in the understanding of the performance and financial results of the Group, as they do not form part of the underlying business.

The current period legal fees relate to the Group's defence of two claims served on a number of its companies in connection with issues addressed by commitments accepted by Ofgem as a resolution of its concerns raised in Ofgem's Statement of Objections received by the Group in September 2020. The Group remains confident that it will successfully defend both claims. See note 11.

The current period accelerated amortisation costs relate to certain modules of L2S's ERP system. Management has reassessed the useful economic lives of those modules, in light of the ecommerce project which commenced in the period. Those modules will now be fully amortised by 31 March 2025. The full-year exceptional charge for this item is expected to be c. £0.9 million.

The prior period restructuring costs relate to the organizational design of the Group communicated by management on 6 March 2024.

The prior period refinancing costs comprise legal and professional fees incurred by the Group in respect of its borrowing facilities referred to in note 1, and the write-off of the unamortised balance of capitalized costs arising on the previous refinancing exercise.

6. Tax

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Current tax	**6,949**	3,617	9,162
Deferred tax	**(1,147)**	759	3,333
Total	**5,802**	4,376	12,495
Effective tax rate	**25.1%**	25.5%	25.9%
Tax charged directly to other comprehensive income			
Deferred tax (credit) / charge on actuarial (losses) / gains on defined benefit pension plans	**6**	(211)	(82)

7. Earnings per share

Basic and diluted earnings per share are calculated on the net profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue as follows:

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Net profit attributable to equity holders of the parent			
Profit after tax	**17,305**	12,806	35,687
Underlying profit after tax	**20,169**	16,253	45,798

	30 September 2024 Number of Shares Thousands	30 September 2023 Number of Shares Thousands	31 March 2023 Number of Shares Thousands
Weighted average number of ordinary shares in issue (for basic earnings per share)	**72,579**	72,603	72,642
Potential dilutive ordinary shares:			
Restricted share awards	**813**	772	670
Deferred annual bonus scheme	**205**	185	184
SIP and other	**117**	60	89
Weighted average number of ordinary shares in Issue (for diluted earnings per share)	**73,714**	73,620	73,585

8. Investments

The current period movements in the fair values of the Group's investments are as follows:

	Obconnect Ltd £'000	**Judge Logistics Ltd £'000**	**Aperidata Ltd £'000**	**Total £'000**
At 31 March 2024	3,940	-	-	3,940
Addition in the year	-	15,000	1,200	16,200
Fair value gain through profit or loss	2,693	-	-	2,693
At 30 September 2024	**6,633**	**15,000**	**1,200**	**22,833**

No unrealised gains or losses arose in the current or prior period.

obconnect Ltd

The £3.3m cost of the Group's investment in obconnect comprises consideration of £3.0 million paid on 7 July 2022 and additional consideration of £0.3 million paid on 13 January 2023. obconnect Ltd provides open banking services to banks and other financial institutions.

At 31 March 2024, the Company increased the fair value of its investment to £3.9 million, reflecting the discounted cash flow forecast as at that date.

At 30 September 2024, the Company further increased the fair value of its investment to £6.6 million. The increase reflects the continued trading improvements of obconnect in the six months to 30 September 2024 and an observable market price provided by the price per share paid by the Company to increase further its shareholding in obconnect on 30 October 2024 (see note 12).

Judge Logistics Ltd
The Group's £15 million investment in Judge Logistics Ltd was purchased in three stages (£10 million on 21 June 2024, £3 million on 31 July 2024 and £2 million on 30 September 2024). Judge Logistics Ltd is the parent company of Yodel Ltd, a customer in the Group's ecommerce parcel business.

At 30 September 2024 the Company held the value of its investment at the £15 million cost, reflecting the post-acquisition trading performance of Yodel Ltd.

Aperidata Ltd
The Group acquired its investment in Aperidata Ltd in May 2024 for consideration of £1.2 million. Aperidata Ltd provides credit reporting and open banking services to consumers and businesses.

The Company has valued its investment at 30 September 2024 at the £1.2 million cost, reflecting the post-acquisition trading performance of Aperidata Ltd.

9. Share capital, share premium, merger reserve and capital redemption reserve

	30 September 2024 £000	30 September 2023 £000	31 March 2024 £000
Called up, allotted and fully paid share capital			
72,197,199 (September 2023: 72,672,845) ordinary shares of 1/3p each	**241**	242	242

In the current period 139,800 shares were issued (of 1/3p each) for share awards which vested in the period and 11,902 matching shares were issued (of 1/3p each) under the Employee Share Incentive Plan.

On 13 June 2024, the Group announced a share buy-back programme of at least £20.0 million over a 12-month period. In accordance with IFRS9, the Group recognised an initial liability for the full £20.0 million, with a corresponding reduction in retained earnings. The £4.4 million cost of shares purchased under the programme to 30 September 2024 is recorded against the liability. A total of 648,176 shares were purchased, with a nominal value of £2,161. This resulted in a reduction in Share capital of £2,161 and the creation of a corresponding Capital redemption reserve balance.

The share premium of £1.0 million (September 2023: £1.0 million) represents the payment of deferred, contingent share consideration in excess of the nominal value of shares issued in relation to the i-movo acquisition.

The merger reserve of £18.2 million (September 2023: £18.2 million) comprises £1.0 million initial share consideration in excess of the nominal value of shares issued on the initial acquisition of i-movo and £17.2 million share consideration in excess of the nominal value of shares issued in relation to the Appreciate acquisition.

10. Notes to the condensed consolidated statement of cash flows

	6 months ended 30 September 2024 £000	Re-presented[1] 6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Profit before tax	**23,107**	17,182	48,182
Adjustments for:			
Depreciation of property, plant and equipment	**4,221**	3,354	7,318
Amortisation of intangible assets	**7,171**	6,369	13,347
Investment fair value movement	**(2,693)**	-	186
Non-cash exceptional amortisation charge	**434**	-	-
Loss on disposal of fixed assets	**-**	-	111
Finance income	**(772)**	(463)	(1,390)
Finance costs	**4,012**	4,066	8,408
Share-based payment charge	**988**	713	1,669
Equity-settled share-based payments	**(732)**	-	(339)
Operating cash flows before movements in corporate working capital	**35,736**	31,221	77,492
Movement in inventories	**(6,609)**	(5,264)	(108)
Movement in trade and other receivables	**(3,882)**	(6,140)	(4,638)
Movement in finance lease receivables	**730**	511	2,018
Movement in contract assets	**(422)**	(409)	(536)
Movement in contract liabilities	**(231)**	(116)	(443)
Movement in provisions	**(1,819)**	-	1,850
Movement in trade and other payables – corporate	**12,893**	(24)	(9,929)
Movement in lease liabilities	**-**	261	-
Movement in working capital - corporate	**660**	(11,181)	(11,786)
Cash generated by operations	**36,396**	20,040	65,706

[1]See note 1 for an explanation of the re-presentation.

11. Contingent liability

Ofgem statement of objections

Further to the update provided on 13 June 2024, the Group's position remains unchanged: it is confident that it will successfully defend the claim by Utilita, which does not provide any clear evidence to support the cause of action or the amount claimed, and also that it will successfully defend the claim by Global 365, which fundamentally misunderstands the energy market and the relationships between the relevant Group companies and the major energy providers, whilst also over-estimating the opportunity available, if any, for the products offered by Global 365. As a result, no accounting provision has been made for these claims.

The Group will continue to update the market on a quarterly basis as part of its financial reporting cycle.

HMRC assessment

In February 2024, HMRC raised an assessment on the Group's tax position for the accounting period ended 31 March 2021. The Group has appealed the assessment on the grounds that it is not valid from a tax technical and administrative perspective and no provision has therefore been recognised.

12. Events after the reporting date

On 30 October 2024, the Company increased its investment in obconnect Ltd, having received regulatory approval. The Company's consideration for the additional 30.9% shareholding was £10.5 million. Together with the shareholding arising on conversion of its loan note and its existing investment, the additional investment brings the Company's total shareholding to 55.3%. PayPoint will therefore account for obconnect, in accordance with IFRS3 *Business Combinations* as a subsidiary undertaking, consolidating its post-acquisition results on a line-by-line basis and recognising a non-controlling interest for the remaining 44.7% holding.

The terms of the acquisition agreement include a put option for the Company to obtain the remaining 44.7% of obconnect for a total cash amount of up to £20.0 million, with the consideration dependent on the future performance of obconnect. The put option is exercisable over three annual instalments commencing 31 March 2025, with up to 10% puttable by March 2025, up to 25% (in aggregate) by March 2025 and up to 44.7% by March 2027.

PRINCIPAL RISKS AND UNCERTAINTIES

Like all businesses, we face a number of risks and uncertainties, and effective management of existing and emerging risks is critical to the achievement of our strategic business and long-term growth objectives. Therefore, risk management is an integral part of PayPoint's Corporate Governance. The Group's principal risks and uncertainties are closely aligned to those risks disclosed in the Strategic Report section of its Annual Report for the year ended 31 March 2024 and are detailed below.

	Risk Trend & Appetite	Potential Impact	Mitigation Strategies	Status
Principal Risks				
1	**Consumer Behaviours and Markets** Trend = Increasing Appetite = High	PayPoint's competitors and the markets in which it operates continue to evolve. The decline in the legacy business of cash usage is expected to continue and is reflected in the continuing need for further business diversification The current economic climate, of lower levels of consumer spending continues to impact our business, such as the Cards market, where transaction processed volumes remain subdued.	The Executive Board closely monitors consumer trends and spending behaviour, regularly re-assessing our markets and competitor activity, along with any opportunities to further de-risk the legacy business. We continue to develop our service offerings and to adapt to changes in consumer needs and behaviours, including strategic acquisitions or investments, where appropriate.	Risk is increasing as cost-of-living pressures have continued causing changes in consumer activities, particularly in spending behaviours. This, along with the continued decline in cash legacy business has impacted income streams for certain parts of the business.
2	**Emerging Technology** Trend = Stable Appetite = Medium	As the markets continue to evolve, so does the technology supporting the service provision. Pressures to deliver new and innovative products remain with new technologies emerging into the marketplace at a pace. Failure to develop in tandem with these changes in technology remains a risk to the Group.	We continually review technological developments (including the evolution of AI) to understand how new technologies can be used to support and enhance our service offerings. The Executive Board closely monitors emerging technologies and the impact they may have on PayPoint. We also develop and implement our own innovative technology, where appropriate.	Risk is stable as Group acquisitions, investments and partnerships have helped to mitigate risks associated with emerging technologies. The continuing programme of re-platforming our digital proposition will facilitate the further expansion of our presence in digital payment markets. We continue to roll out the new, updated version of our retailer terminal – the PayPoint mini.
3	**IT Transformation** Trend = Increasing Appetite = Medium	Several significant IT projects are in our 3-year plan and the delivery of these projects remains key to delivering our business strategy and growth aspirations, along with platform resilience.	The Executive Board is accountable for the management and delivery of these projects, with oversight from the Group Board.	Risk is increasing as several of these projects were mobilised after the FY24 year end and will be delivered over the course of the next 2 – 3 years.
4	**Client Services** Trend = Increasing Appetite = Medium	Clients' expectations in terms of service level standards and compliance are increasing as the business diversifies into new products/ channels (such as community banking). Client retention and the exposure to clients developing in house solutions as an alternative to our services remains an ongoing risk, along with customer concentration risk, such as in Parcels.	PayPoint builds and carefully manages strategic relationships with key clients, retailers, redemption partners and suppliers. We continually seek to improve and diversify services through new initiatives, products and technology and our involvement in new and innovating markets.	Risk is increasing. We continue to renew contracts and onboard new retailers, clients, merchants and redemption partners in line with expectations. We have built on our services and continue to encourage our clients to diversify and utilise more than one of our service provisions. Working with our clients to continue to understand their requirements and how best we can meet our clients' needs remains a priority for the Group.
5	**Legal and Regulatory** Trend = Stable	PayPoint is required to comply with numerous contractual, legal, and continuously evolving regulatory requirements. Failure to anticipate and meet obligations	Our Legal and Compliance teams work closely with the business on all legal and regulatory matters and adopt strategies to ensure PayPoint	Risk is stable. We continue to manage new legal and regulatory exposures through our risk management framework and this framework has been rolled out

	Appetite = Low	may result in fines, penalties, prosecution and reputational damage. Increased levels of regulatory supervision, new and changing regulatory requirements and the addition of new service offerings, such as open banking and PISP, have all increased the complexity of the regulatory environment in which we operate.	is appropriately protected and complies with regulatory requirements. The teams advise on all key contracts and legal matters and oversee regulatory compliance, monitoring and reporting. Emerging regulations are incorporated into strategic planning, and we engage with regulators to ensure our frameworks are appropriate to support new products and initiatives.	across our Love2shop business following its acquisition in 2023. As noted within the annual accounts for year ended 31 March 2024 the two claims served on a number of companies in the Group in relation to the matters addressed by commitments made to Ofgem in 2021 in resolution of Ofgem's competition concerns are still ongoing. The Group's position remains unchanged and we are confident that we will successfully defend these claims.
6	**People** Trend = Stable Appetite = Low	Failure to retain and attract key talent impacts many areas of our business. A key element of the 3-year plan is revenue growth, and we need to be confident we can attract/ retain those individuals who are instrumental in driving top line growth, along with individuals who will support the operational transformation of our business. Key person dependency, at both executive and senior management levels, have been noted as a key risk.	The Executive Board continues to monitor this risk, with oversight from the Remuneration Committee. We continue to invest in our people, with a clear focus on retaining talent and key person dependency. PayPoint's purpose, vision and values, are defined and embedded within the business, our expected behaviours and our review and monitoring processes. An employee forum comprising employees from across the business engages directly with the Executive Board on employee matters.	Risk is stable. The delivery of £100m EBITDA requires significant revenue growth over FY25 and FY26 and a key element of this is retaining and attracting key talent to support delivery of this growth. Employee engagement surveys remain positive and key actions around cost-of-living support, better employee interaction and flexible working have been implemented.
7	**Cyber Security** Trend = Increasing Appetite = Low	Cyber security risk continues to grow due to the growing volume and ever-increasing sophistication of the nature of these attacks and our expanding digital footprint. Such attacks may significantly impact service delivery and data protection causing harm to PayPoint, our customers and stakeholders. As the geographical instability has continued and increased over the last year, cyber-crime and its potential impact on our Group continues to increase as do our efforts to mitigate the likelihood of such an attack and monitoring activities for potential instances of attack.	Recognising the importance and potential impact this risk poses to our business, the Executive Board regularly assesses PayPoint's cyber security and data protection framework, and the Cyber Security and IT Sub-Committee of the Audit Committee maintain oversight. Our IT security framework is comprehensive, with multiple security systems and controls deployed across the Group and is continually under review. We are ISO27001 and PCI DSS Level 1 certified, and systems are constantly monitored for attacks with response plans implemented and tested. Employees receive regular cyber security training, and awareness is promoted through phishing simulations and other initiatives. We have implemented tools to assist in quick identification of potential threats. We operate a robust incident response framework to address potential and actual breaches in our estate or within our supply chain. We engage with stakeholders, including suppliers on cyber-crime	Risk is increasing because of the growing volume and sophistication of cyber-attacks, coupled with our expanding digital footprint. We continue to enhance our architecture, systems, processes and cyber monitoring and response capabilities. We regularly engage third parties to assess and assist with our cyber defences and strengthen our controls and have implemented strong monitoring capability across the Group.

			and proactively manage adherence with data protection requirements.	
8	**Business Interruption** Trend = Increasing Appetite = Low	Failure to provide a stable infrastructure environment or to promptly recover failed services following an incident can lead to loss of service provision, financial and reputational loss. Interruptions may be caused by system failures, cyber-attack, failure by a third party or failure of an internal process. Recovery of the service can be hampered by lack of appropriate resilience levels.	PayPoint has developed a comprehensive and robust business continuity framework. This is reviewed by the Executive Board and the Cyber Security and IT sub-Committee of the Audit Committee maintains oversight of the framework and its implementation. Business continuity, disaster recovery and major incident response plans are maintained and tested with failover capabilities across third party data centres and the cloud. Systems are routinely upgraded with numerous change management processes deployed and resilience embedded where possible. Risk from supplier failure is managed through contractual arrangements, alternative supplier arrangements and business continuity plans.	Risk is increasing. System disruption is an inherent business risk however we recognise that with the acquisition of Love2shop, our IT transformation projects and our expansion into different products contribute to an increasing complexity of our operations. Better staff training and retention has enhanced our ability to detect and recover from service issues.
9	**Credit and Liquidity/ Treasury Management Incorporating Counter Party Risk Management** Trend = Increasing Appetite = Medium	The Group has significant exposures to large clients/retailers, redemption partners and other counterparties. We have invested in a number of strategically important counter party relationships as part of our diversification and operational delivery plan. We process high volumes of payments which are dependent upon effective operational controls. The Group also operates a number of debt/banking covenants and interest expenses which must be carefully managed. Cashflow management plays an increasingly important role in our Group's operations.	PayPoint has effective credit and operational processes and controls. Retailers and counterparties are subject to ongoing credit reviews, and effective debt management processes are implemented. A number of mitigating controls have been implemented to effectively manager counter party risk including Board representation, increased engagement and active monitoring of our significant counter parties. Settlement systems and controls are continually assessed and enhanced with new systems and technology. We have effective governance with oversight committees, delegated authorities and policies for key processes. Segregation of duties and approvals are implemented for all areas where fraud or material error may occur. Residual risk associated with potential default of gift card providers is mitigated through insurance.	Risk is increasing following recent investment activities aligned to our strategy. Cost of living pressures may impact our client and retail estate. However, we have robust monitoring and an increase in support payment processing in place to reduce default rates and impacts. The risk profile of our business operations remains stable. We continue to review and enhance our operational processes and controls, and relationships with our funding partners. The Group has robust financing arrangements in place and, and our cash generation remains robust. Liquidity targets as planned for the year have been met.
10	**Operational Delivery** Trend = Stable Appetite = Low	Delivery of key initiatives and strategic objectives, including sales and service delivery growth, is key to achieving the desired success levels anticipated for the group. Successful planning, forecasting and successful execution of all business function areas are key to ensuring operational delivery. Supply chain management is also a key factor in delivering our operational targets. Failure to manage this risk would hamper our business	The Executive Board has overall responsibility for delivering key initiatives implementing a robust control framework over BAU activities. The Executive Board have implemented a robust and effective reporting suite to ensure management of BAU is supported by timely and accurate business analysis. We continue to develop our Business Intelligence and Management information reporting capabilities to enhance,	Risk is stable. We continue to focus on effective integration of Love2shop into our business. We continue to develop new services and enhance existing capabilities.

		performance, impact our stakeholders, and lead to regulatory or legal sanctions.	support and develop our BAU management functions. Our project management methodology ensures projects are prioritised and governed effectively. Our existing processes are continuously reviewed to make sure they are efficient and well controlled. Effective controls, reporting and monitoring have been implemented to ensure that we have met the requirements of HMRC's SAO regime.	
Emerging Risk				
1	ESG and Climate Trend = Stable Appetite = Medium	We continue to focus on environmental, social and governance matters and recognise that our business needs to be environmentally responsible to create shared value for all stakeholders. PayPoint continues to seek ways to reduce carbon emissions and its environmental impact. We continue to closely monitor the impacts on our business to ensure our revenue streams remain sustainable.	The CEO and the Executive Board have overall accountability for PayPoint's climate and social responsibility agendas, and they recommend strategy to the Board. PayPoint aligns its business with reducing carbon emissions, and continually assesses its approach to environmental risk and social responsibility, which are embedded in our decision-making processes. We have multiple policies and processes governing our social responsibility strategy and we continually assess and evolve our strategy and working practices to ensure the best outcomes for stakeholders and the environment.	Our ESG working group has implemented various measures as we embed low carbon strategies into our working practices and business strategy. The roll out of the PayPoint Mini, our new terminal, supports reduction of our carbon footprint through production of lower emissions. We continue the move toward electric cars for our company fleet and helping our field team to travel in more environmentally friendly ways. We run an employee forum and have implemented various measures as a result, such as cost of living support.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge this set of interim financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as contained in UK-adopted IFRS and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first half and description of principal risks and uncertainties for the remaining half of the year) and DTR 4.2.8 (disclosure of related parties' transactions and changes therein).

Nick Wiles
Chief Executive

Rob Harding
Finance Director

Independent review report to PayPoint Plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed PayPoint Plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim results of PayPoint Plc for the 6 month period ended 30 September 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 September 2024;
- the Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results of PayPoint Plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Watford
20 November 2024